The Maryland Model

A Bold Initiative to Control Cost Growth, Improve Quality of Care and Make People Healthier
# ALL-PAYER MODEL WAS A SUCCESS

## All-Payer Model Results, CY 2014-2018

<table>
<thead>
<tr>
<th>Performance Measures</th>
<th>Targets</th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>2016 Results</th>
<th>2017 Results</th>
<th>2018 Results</th>
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<tbody>
<tr>
<td><strong>All-Payer Hospital Revenue Growth</strong></td>
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<td>Medicare Savings in Hospital Expenditures</td>
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<td>Medicare Savings in Total Cost of Care</td>
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<td>All-Payer Quality Improvement Reductions in PPCs under MHAC Program</td>
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<td>Readmissions Reductions for Medicare</td>
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<tr>
<td><strong>≤ 3.58% per capita annually</strong></td>
<td>1.47% growth per capita</td>
<td>2.31% growth per capita</td>
<td>0.80% growth per capita</td>
<td>3.54% growth per capita</td>
<td>1.50% growth per capita</td>
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<tr>
<td><strong>$330m cumulative over 5 years</strong> (Lower than national average growth rate from 2013 base year)</td>
<td>$120 m (2.21% below national average growth)</td>
<td>$275 m cumulative (2.63% below national average growth since 2013)</td>
<td>$311 m</td>
<td>$586 m cumulative (5.50% below national average growth since 2013)</td>
<td>$916 m cumulative (5.63% below national average growth since 2013)</td>
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<td><strong>Lower than the national average growth rate for total cost of care from 2013 base year</strong></td>
<td>$142 m (1.62% below national average growth)</td>
<td>$263 m cumulative (1.31% below national average growth since 2013)</td>
<td>$121 m</td>
<td>$198 m</td>
<td>$135 m</td>
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<tr>
<td><strong>≤ National average over 5 years</strong></td>
<td>30% reduction over 5 years</td>
<td>25% reduction</td>
<td>34% reduction since 2013</td>
<td>44% reduction since 2013</td>
<td>53% reduction since 2013</td>
<td>51% reduction since 2013</td>
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<tr>
<td><strong>2013 National: 15.38%</strong></td>
<td><strong>2013 Maryland: 16.60%</strong></td>
<td><strong>19% reduction in gap above nation</strong></td>
<td><strong>58% reduction in gap above nation</strong></td>
<td><strong>79% reduction in gap above nation</strong></td>
<td><strong>116% reduction in gap above nation</strong></td>
<td><strong>Achieved</strong> 2018 National: 15.45% 2018 Maryland: 15.40%</td>
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</tbody>
</table>
MEDICARE READMISSIONS AND MORTALITY
ALL-CAUSE MARYLAND VS. NATIONAL 2013-2017

Source: MHA Analysis of Medicare FFS Claims, CMS Chronic Conditions Data Warehouse (CCW)
MARYLAND OUTPERFORMS OTHER STATES ON EMPLOYER-SPONSORED HEALTH CARE SPENDING

2ND Lowest in the U.S.

Inpatient hospital spending per capita by state, 2017

Outpatient hospital spending per capita by state, 2017

TOTAL COST OF CARE MODEL

2019 - 2028
SIX KEYS TO UNLOCK VALUE

1. Global Hospital Budgets
   No incentive to deliver more than needed care

2. All-Payer Hospital Rates
   Cost burdens shared equitably by all payers

3. Total Cost of Care Accountability
   Hospitals each responsible for attributed lives

4. Population Health Goals
   Care for communities, not just individuals

5. Quality of Care Incentives
   Hospitals rewarded for hitting quality targets

6. Shared Provider Incentives
   Programs to align all care partners
1. GLOBAL BUDGETS REWARD EFFICIENCY

Preset annual hospital inpatient and outpatient revenue budget

- Promotes preventive care to avert hospital use
- … and good transitions of care post-hospital
- Hospitals may reinvest savings in prevention
2. ALL-PAYER RATES ELIMINATE COST SHIFTING

Hospital Prices

% of Hospital's Cost

Other States

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<th>Commercial Payers</th>
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<tbody>
<tr>
<td>100%</td>
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Maryland

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Protect access in rural and vulnerable communities

Equitably share burden of uncompensated care
3. RISK FOR TOTAL COST OF CARE

- Medicare FFS beneficiaries attributed to hospital
- Target aggregate spend for all Parts A and B services
- Gain/Loss opportunity = 1% of hospital’s Medicare revenue

Promotes keeping people – and populations – well
Encourages partnering for whole-person, longitudinal care
Drives care to most appropriate, least costly settings
4. POPULATION HEALTH – BEYOND ONE PATIENT

PREVENT CHRONIC CONDITIONS
- Diabetes
- Heart disease
- …more

REDUCE WIDESPREAD HARSMS
- Falls in elderly
- Opioid overdoses

Promotes hospital investments in community-based care
Motivates integration of physical & behavioral care
Demands attention to social determinants of health
5. INCENTIVES AIM TO RAISE QUALITY OF CARE

• Hospital incentives apply across all payers
• More than 7% of inpatient revenue at risk

End patient harms occurring in health facilities

Reduce avoidable care … for manageable conditions

Enhance coordination across care settings, and beyond

Engage patients in improving care experience and health
# 6. SHARED INCENTIVES BOOST COLLABORATION

## Finding Hospital Efficiencies
- **Why:** Drive improvements and cost savings in hospital care
- **Who:** Hospitals and care partners practicing at hospitals
- **What:** Physicians may share in savings

Hospital Care Improvement Program (eff. July 2017)

## Managing Patients with Chronic Illness
- **Why:** Enhance care management and coordination
- **Who:** Hospitals and community-based providers
- **What:** Shares resources and information improve quality and reduce costs

Complex & Chronic Care Improvement Program (eff. July 2017)

## Connecting Providers to Treat Episodes of Care
- **Why:** Align care across all settings – focus on care post-discharge
- **Who:** Hospitals and care partners across the continuum
- **What:** Hospitals may share gains with efficient partners

Episode Care Improvement Program (eff. Jan. 2019)

## Primary Care Doctors Guiding Patients
- **Why:** Refocus on primary care
- **Who:** Primary care physicians & care transformation organizations
- **What:** Extra fees for more care coordination

MDPCP: Maryland Primary Care Program (eff. Jan. 2019)
BIG GOALS: BETTER CARE, BETTER HEALTH

WHOLE PERSON CARE

- Individual Health Improvement
- Efficiency & Affordability
- Accessibility & Convenience
- Healthy Communities
A SYSTEMS APPROACH IS NEEDED

STATE & COMMUNITIES

- Better job opportunities
- Adequate & affordable housing
- Safer communities
- Social connections

HEALTH SYSTEM

- Partnerships across care continuum
- Resources for modernization
- Aligned incentives
- Robust, inclusive workforce
- Integrated behavioral and physical care
- Actionable healthcare management information

Stronger education
Food security
Family & social supports
Improved transportation